BEFORE THE PUBLIC SERVICE COMMISSION OF WISCONSIN

In the Matter of the Commission's Quadrennial Planning Process II Request for Comments	PUC Docket Number: 5-FE-100

Comments of Opower, Inc.

I. Introduction

In response to the Public Service Commission of Wisconsin's (the "Commission") January 30, 2014 Request for Comments in the matter of the Quadrennial Planning Process II, Opower respectfully submits these comments.

Opower is the global leader in behavioral energy efficiency and smart grid customer engagement. Opower currently works with over 90 utility partners to deliver energy saving information to more than 30 million customers across eight countries. To-date Opower has saved 4 terawatt hours of energy—enough to power all the homes in Milwaukee, Green Bay and Kenosha for a year—and has saved households more than $400 million on their energy bills.[i] By providing customers with better information on their energy use and personalized energy saving advice, Opower motivates customers to use less energy and save money on their monthly bills.

On January 10th the Commission issued an order that included in the scope for Quadrennial Planning Process II an examination of whether pilots for behavioral programs should be part of the next quadrennial period. We urge the Commission to support the inclusion of a behavioral energy efficiency pilot in the next quadrennial period.

II. Comments

Behavioral energy efficiency programs represent a large untapped source of cost-effective energy savings for Wisconsin households, and such programs can enhance the performance of the overall portfolio of energy efficiency programs in the state. If deployed at scale in Wisconsin, behavioral programs could cost-effectively save 291 GWh in energy use amounting to over $35 million in customer bill savings for Wisconsin households.[ii] In addition, behavioral energy efficiency programs are widely accepted as an energy efficiency resource in the United States—including in neighboring Midwestern states such as Illinois, Iowa, Indiana, Michigan and Minnesota. As such, deploying a behavioral pilot in Wisconsin represents a low-risk approach to capturing the broad benefits provided by such programs.

A number of recent studies point to the large potential that behavioral energy efficiency programs can deliver in the United States. For instance, a recent report by McKinsey & Company examined the potential of behavioral energy-efficiency initiatives in the United States residential market and found that customer behavior change can

deliver savings on the order of 1.8-2.2 quadrillion British thermal units a year, translating to 16-22% of current residential sector energy use.[iii] In addition, Opower recently released an analysis of the potential for behavioral energy efficiency across the United States, including state-by-state. This analysis, based on results from 218 large-scale behavioral feedback programs conducted by Opower across more than 8 million households and 88 utilities, found that behavioral programs similar to Opower are cost-effective for 79 million households or 61% of the US population. And, if deployed at scale in Wisconsin, behavioral energy efficiency could cost-effectively reach an estimated 2 million households.[iv]

In addition, numerous independent evaluations have verified the cost effectiveness of behavioral programs. The most comprehensive analysis, conducted by Dr. Hunt Allcott, examined cost effectiveness across seventeen separate Opower deployments, and found an average cost effectiveness of 3.3 cents/kWh with a range from 1.3 – 5.4 cents/kWh.[v]

Finally, behavioral efficiency programs, like Opower's, can accelerate the uptake of other efficiency measures, which makes all programs more cost effective and improves the performance of the overall efficiency portfolio. For instance, an analysis conducted by Opower examining results from across 11 utilities found that customers who receive Opower reports participate in utility energy efficiency programs at a 20% higher rate than customers who don't receive Opower communications.[vi] Furthermore, behavioral programs can be used to promote key initiatives such as other energy efficiency programs, services, and rebates, thereby acting as a powerful marketing tool. When behavioral programs are used to specifically feature other utility energy efficiency programs, participation in these programs increases by up to 60%.[vii]

IV. Conclusion

Behavioral energy efficiency programs represent a large cost-effective source of energy savings for Wisconsin households and can help to improve the performance of the energy efficiency portfolio overall in the state. Opower respectfully urges the Commission to support including a behavioral energy efficiency pilot in the next quadrennial period in order to ensure that Wisconsin households can take advantage of the broad benefits provided by these programs. We offer our appreciation for this chance to comment.

Respectfully submitted,

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[i] Tinjum, Aaron, "Surging forward: Opower surpasses 4 billionth kilowatt hour of energy savings." Opower. February 18, 2014. See: http://blog.opower.com/2014/02/surging-forward-opower-surpasses-4-billionth-kilowatt-hour-of-energy-savings/

[ii] Please see: www.opower.com/beepotential

[iii] Heck, Stefan and Humayun Tai. "Sizing the potential of behavioral energy-efficiency initiatives in the US residential market." McKinsey & Company. May 2013.

[iv] Please see: www.opower.com/beepotential

[v] Allcott, Hunt. "Social norms and energy conservation" Journal of Public Economics. 2011.

[vi] Gunel, Arahan. "Analytics Insights: Behavioral programs enhance other utility energy efficiency initiatives." Opower. January 22, 2013. See: http://blog.opower.com/2013/01/analytics-insights-behavioral-programs-enhance-other-utility-energy-efficiency-initiatives/

[vii] Ibid.